

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 04/25/2012
POSITION: Neutral
SPONSOR: California Public Utilities Commission

BILL NUMBER: AB 1694
AUTHOR: Fuentes, Felipe

BILL SUMMARY: Gas Pipeline Safety Inspections: Frequency: Risk-based Approach

Existing law requires the Public Utilities Commission (PUC) to undertake a gas safety inspection and enforcement program for mobile home parks (MHPs) with distribution systems to ensure compliance with federal pipeline standards. Existing law also requires the PUC to conduct an initial inspection, and, if the operator demonstrates compliance, to re-inspect each covered system every five years.

If the operator demonstrates compliance with the initial PUC inspection, this bill would require additional inspections be made pursuant to a risk-based inspection schedule adopted by the PUC and be made at least every seven years thereafter.

FISCAL SUMMARY

PUC staff state this bill would not result in a fiscal impact. The Department of Finance concurs and notes any cost should be absorbable within the existing resources allotted to the PUC.

COMMENTS

Finance is neutral on the bill and notes the bill is intended to substitute a risk-based inspection schedule for the existing set inspection schedule to increase PUC inspection efficiency within existing resources. The change also is intended to enable the PUC to allocate its inspection resources most effectively to focus on the MHP and propane systems it determines are at the highest priority for inspection, based on compliance or non-compliance with specified criteria. These criteria include the following:

- Operator maintains written plans for operating, maintaining, and responding to emergencies and these plans are acceptable to the PUC.
- Leak surveys have been performed and documented as required by regulations.
- Operator maintains cathodic protection to levels sufficient to reduce the likelihood of external corrosion on steel pipeline systems.
- Operator has system maps that can be used to prevent excavation damage.
- Operator's personnel have been qualified to perform covered tasks.
- Operator has provided public awareness literature, which complies with regulations, to all customers served by the system.

The PUC is sponsoring this bill to address legislative recommendations made in the Independent Review Panel report on the San Bruno natural gas pipeline explosion.

Analyst/Principal (0621) J.McGuinn	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

AUTHOR

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Fuentes, Felipe

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	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP					Fund		
Type	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	Code
8660/PUC	SO	No		----	No/Minor	Fiscal	----		0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								